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FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

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Dockets
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IN REPLY REFER TO:

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Honorable Orrin G. Hatch
United States Senate
135 Russell Senate Office Bldg.
Washington, DC 20510-4402

93-253

Dear Senator Hatch:

This responds to your letter of October 14, 1993, addressing the 2 GHz Personal Communications Services (PCS) proceeding, GEN Docket No. 90-314. Your constituents, James I. Broshar, Executive Vice President of Rocky Mountain Telecommunications Association, and Dolores L. Donnelly, Executive Vice President of Western Rural Telephone Association, express support for a PCS licensing structure that permits rural telephone systems to provide PCS in their own service area.

On September 23, 1993, the Commission adopted final rules to govern PCS as well as a Notice of Proposed Rule Making seeking comment on competitive bidding rules that would be used to select PCS licensees. The Commission allocated a total of 120 megahertz of spectrum for licensed PCS and permitted telephone companies without cellular interests to aggregate up to 40 megahertz of this spectrum (the maximum authorized any licensee). Telephone companies with cellular interests may acquire 10 megahertz in a PCS service area in which they own twenty or more percent of a cellular company, if the cellular company serves 10 or more percent of the population of the PCS service area. Local exchange carriers are permitted to apply for PCS licenses on the same basis as other applicants, except insofar as they hold interests in cellular operations.

The Commission adopted 492 local service areas based on Basic Trading Areas (BTAs) and 51 regional service areas based on Major Trading Areas (MTAs). The 120 megahertz is divided into two 30 megahertz MTA blocks, one 20 megahertz BTA block, and four 10 megahertz BTA blocks. In the companion Notice of Proposed Rule Making, PP Docket No. 93-253, the Commission proposed licensing preferences in one 20 megahertz and one 10 megahertz frequency block for rural telephone companies, small businesses, and businesses owned by minorities and women.

Honorable Orrin Hatch

2.

The Commission's decisions addressing PCS are designed to foster competition among PCS providers and between PCS providers and cellular radio operators and to ensure expeditious provision of PCS in both urban and rural areas. I am enclosing the press releases for the dockets addressed above that more fully describe the Commission's actions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Bruce L. Swartz".

for Thomas P. Stanley
Chief Engineer

Enclosures

OFT
90314

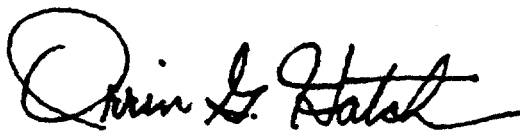
4148

United States Senate

Respectfully referred to:

Steve Klitzman
Assoc. Director
FCC

Because of the desire of this office to be responsive to all inquiries and communications, your consideration of the attached is requested. Your findings and views, in duplicate form, along with return of the enclosure, will be appreciated by



U.S.S.

Attn: Brett Francis
224-1018

Form #2

WESTERN ALLIANCE

September 10, 1993

Senator Orrin G. Hatch
Washington, DC 20510-4402

Dear Senator Hatch:

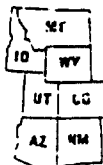
We are an alliance of telephone companies providing service to your constituents and others in rural communities throughout the 23 western states. In passing the Omnibus Budget Reconciliation Act of 1993, you and your colleagues enacted certain protections for rural telephone companies and rural communities, to ensure that they would have the opportunity to participate in the personal communications services ("PCS") which are to be licensed in the very near future pursuant to the newly enacted competitive bidding procedures for radio spectrum. **YOUR ASSISTANCE IN URGING THE FEDERAL COMMUNICATIONS COMMISSION TO ADOPT THESE PROTECTIONS IS REQUESTED NO LATER THAN SEPTEMBER 15, 1993.**

The purpose of this letter is to seek your assistance in urging the FCC to implement specific protections for rural telephone operations. In particular, the joint coalition of the Rocky Mountain Telecommunications Association ("RMTA") and the Western Rural Telephone Association ("WRTA") have formulated a specific set of proposals to ensure that PCS will not be denied to rural America. We feel that these protections are especially important because of two unique problems faced by rural telephone companies in the western states:

1. Most major cities in western states are surrounded by rural areas rather than suburbs. Thus, there is a danger that the highest bid for each of the available PCS licenses will be made by a company proposing to serve a major city, leaving the surrounding rural communities unserved.

2. Rural telephone companies are dedicated to serving high-cost, low population density areas. PCS services will target the high-volume business customers that constitute the rural telephone companies' greatest source of revenue. If rural telephone companies cannot provide enhanced PCS services to these customers, their revenue base will be severely eroded, thereby driving up costs for all rural customers (including residents), and perhaps jeopardizing basic telephone service.

Rocky Mountain Telecommunications Association
10105 East Via Linda
Suite 103-340
Scottsdale, AZ 85258
(602) 860-6904
Fax: (602) 860-6904



Western Rural Telephone Association
P.O. Box 841
Santa Rosa, CA 95402
(707) 533-7755
Fax: (707) 533-0844

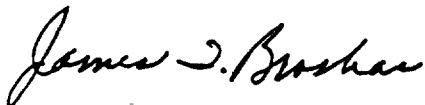
RMTA AND WRTA have filed a "Petition for Further Notice of Proposed Rulemaking" which makes the following specific proposals:

- a. The FCC should set aside one block of PCS spectrum (of the same bandwidth as the other allocated frequency blocks) for rural telephone company use. All telephone companies within the designated filing area would pool together their bids to ensure that adequate revenues would be generated from this set-aside; or
- b. As an alternative proposal, the FCC would require the high bidder for one frequency block to share the spectrum with rural telephone companies. The high bidder would be required to either use "microcell technology", so as to prevent interference to neighboring rural communities using the same frequencies, or to reach an agreement with neighboring rural telephone companies to operate their systems jointly. The high bidder and the telephone companies would split the bid amount on a pro rata basis according to population.
- c. Other protections recommended for rural telephone companies, small businesses, and minority/women owned businesses, include: (i) the use of bid multipliers so that each dollar bid by a protected group counts for more; (ii) the use of extended payment schedules and royalty payments, so that these groups can increase their bid by making time payments; (iii) issuing tax certificates to encourage higher bids; and (iv) the creation of licensing areas small enough that protected groups can reasonably afford to serve.

The FCC will stop accepting comments on this matter on September 15, 1993, and will vote on it shortly thereafter. Therefore, it is urgently requested that you immediately contact the FCC to express your support for the specific proposals of RMTA and WRTA.

Sincerely,

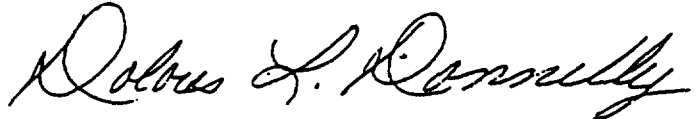
Rocky Mountain
Telecommunications
Association



James I. Broshar
Exec. Vice President

Sincerely,

Western Rural
Telephone
Association



Dolores L. Donnelly
Exec. Vice President
Director